

DATE: April 15, 1971

To : J. Lederberg

FROM : E. Levinthal *EL*

SUBJECT: Overhead Contribution of ACME to Medical School

For the fifth year of the ACME grant (8/1/70-7/31/71) estimated indirect charges equal \$143,775. Of this amount Medical School retains approximately $41.62/57.00 \times \$143,775 = \$104,980$. (Here I have used 1968-69 rates, 15.38% and 57%, and have assumed proportional changes for 1970/71). The attached chart gives the basis of this distribution. Plant and operation for Anatomy/Microbiology/Physiology is charged by the University on a sq. ft. basis. The remainder of plant and operation are taken care of by the Medical School by buying services from the hospital on negotiated sq. ft. basis.

The "cash flow" to the Dean resides in 21.97% D & A, 5.86% (6.51%-.65%) Depreciation, and 5.75% (8.21%-2.46%) library. This equals 33.58%, or for 1970/71, \$84,701. This neglects 1.57% from Student Services which I haven't analyzed.

Of this amount a maximum of 7% and, in my mind, a probable amount of 4%* are Dean's office expenses. Using 4% this leaves 29.58% or \$74,610/yr, assuming 1970/71 to be typical. From this we must subtract \$20,058 as Medical School contribution to SCC management. There is no cost-sharing on the grant. Contributions of faculty to management in dollars is estimated to be negligible (less than 1 man month).

You are aware that on the "average" grant the Dean receives less than 41.62% (57%-15.38%) of direct salaries due to some grants at Medical School receiving less than 59%. This is part of the subsidy that ACME provides other research objectives at the Medical School.

In addition to glass enclosure built with non-university funds, ACME occupies 2247 net sq. ft. built at a cost of approximately \$51,203 with Medical School funds.

CONCLUSION: We have a reasonable claim on \$55,000/year.

*This amount will be established by Rowland. It is cost of Dean's Office divided by direct labor base of Medical School grants (i.e., Internal Medical School G & A).

Rates for 1968-69

<u>Item</u>	<u>Percent of Direct Salaries</u>	<u>Points Retained by the University</u>
General Administration	10.58	9.95
Department Administration	21.97	
Plant Operation & Maintenance	7.49	1.65
Library Expense	8.21	2.46
Depreciation & Use of Facilities	6.51	.65
Student Services	2.24	.67
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Total	\$57.00	15.38